DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 00-20

2. STATE: Texas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2000

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 413

7. FEDERAL BUDGET IMPACT: See Attachment
a. FFY 2000 $ -0-
b. FFY 2001 $ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
See Attachment

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
See Attachment

10. SUBJECT OF AMENDMENT: Amendment No. 585 - The amendment clarifies that home health services, except for expendable medical supplies and durable medical equipment, are reimbursed using the cost reimbursement principles used in computing reimbursement for comparable services under Title XVIII Medicare prior to October 1, 2000.

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.

12. SIGNATURE OF STATE AGENCY OFFICIAL:
Linda K. Wertz

13. TYPED NAME:
Linda K. Wertz

14. TITLE:
State Medicaid Director

15. DATE SUBMITTED:
December 12, 2000

16. RETURN TO:
Linda K. Wertz
State Medicaid Director
Health and Human Services Commission
Post Office Box 13247
Austin, Texas 78711

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 12-18-00

18. DATE APPROVED: 02-14-01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
10-01-00

20. SIGNATURE OF REGIONAL OFFICIAL:
Calvin G. Cline

21. TYPED NAME: Calvin G. Cline

22. TITLE: Associate Regional Administrator
Division of Medicaid and State Operations

23. REMARKS:

FORM HCFA-179 (07-92)

Instructions on Back

Attachment to HCFA-179 for
Transmittal No. 00-20, Amendment No. 585

Number of the Plan Section or Attachment	Number of the Superseded Plan Section or Attachment
Attachment 4.19-B Page 3a	Attachment 4.19-B Page 3a (TN97-12)

8. Reimbursement Methodology for Home Health Services.

(a) Reimbursement methodology for services provided by a home health agency.

(1) Except for expendable medical supplies and DME, authorized home health services provided for eligible Medicaid recipients are reimbursed the reasonable cost of supplying the service, applying the same standards, cost reporting period, and cost reimbursement principles used in computing reimbursement for comparable services under Title XVIII Medicare prior to October 1, 2000.

(2) Reasonable cost will be based on annual reports covering a 12-month period of operation (based on a provider's reporting year) required by Medicare.

(b) Reimbursement methodology for expendable medical supplies provided by enrolled home health agencies and DME providers /suppliers. Participating providers are reimbursed the maximum allowable fee for expendable medical supplies established by the single state agency. The maximum allowable fee is based upon the lesser of the following:

(1) billed amount

(2) the Medicare fee schedule (in place prior to October 1, 2000)

(3) the expendable medical supply acquisition fee as determined by the single state agency by periodic sampling of suppliers or from information provided in manufacturer's publications, whichever is lesser.

(c) Reimbursement methodology for durable medical equipment provided by enrolled home health agencies and DME providers/suppliers. Participating providers are reimbursed the maximum allowable fee for durable medical equipment established by the single state agency. The maximum allowable fee for durable medical equipment is based on the lesser of the following:

(1) the billed amount;

(2) the durable medical equipment acquisition fee, which is based upon the manufacturer's suggested retail price minus a discount;

(A) the manufacturer's suggested retail price is the listed price that the manufacturer recommends as the retail selling price;

(B) the discount from the manufacturer's suggested retail price is determined from the total discount that vendors receive from manufacturers. The initial value of the discount shall be 18%. Therefore, the single state agency is responsible for periodically conducting a representative sample by which a discount is determined. Participating providers must, upon written request, provide necessary information needed to determine the discount. The discount shall be reviewed at least every five years. If no discount is provided, the incurred cost to the dealer plus a percentage to be determined by the single state agency.

(3) the Medicare fee schedule

Exception: Payment for insulin syringes and needles obtained by a physician's prescription from a participating pharmacy will be made in accordance with the reimbursement methodology outlined in Attachment 4.19-B, Item H, pages 2j and 2k.

STATE Texas
DATE REC'D 12-18-00
DATE APPV'D 02-14-01
DATE EFF 10-01-00
HCFA ID# 00-20

A

SUPERSEDES: TN - 97-12